

# Leading Change

SHAPING FISCAL YEAR 2020



Warfighter First ~ Global Posture ~ Strong Partnerships ~ Whole of Government ~ Always Accountable



# Leading Change

In FY19, DLA had an amazing year full of significant accomplishments – thanks to DLA’s “Secret Sauce” – our phenomenal workforce. I thank each of you for your hard work and dedication to take our Agency to the next level as we supported DoD priorities to improve military readiness, strengthen alliances and bring about business reforms.

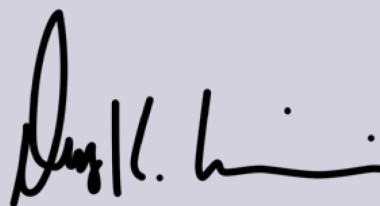
The global security environment remains extremely complex and DLA must remain postured to support our operational military forces and industrial facilities across the Department of Defense. In this environment, the DLA Strategic Plan is our Agency’s mainstay. It aligns our strategic objectives with the National Defense Strategy and Secretary of Defense priorities. The Plan’s dynamic framework allows us to remain agile while focusing on our mission requirements and priorities.

Supporting the Warfighter demands continued commitment to the amended 2018-2026 DLA Strategic Plan and its five Lines of Effort (Warfighter First, Global Posture, Strong Partnerships, Whole of Government and Always Accountable), Critical Capabilities and Cross-Cutting Efforts. Within this construct, we will focus on six major areas in the coming fiscal year:

- (1) Warfighter and Federal Support
- (2) Defense Reforms
- (3) Audit Advancement
- (4) Financial Health of the Agency
- (5) Enterprise Risk Management
- (6) Innovation

These six focus areas, within the framework of our support to the National Defense Strategy, demand our complete focus. Thank you in advance for your commitment to these critical mission areas.

## Warfighter First!



DARRELL K. WILLIAMS  
Lieutenant General, U.S. Army  
Director, Defense Logistics Agency



LTG Darrell K. Williams



# FY 2019: YEAR-END REVIEW

As we move into FY20, it's important to acknowledge the significant accomplishments of this great organization over the past 12 months. Congratulations to all of you on attaining these major accomplishments!

## FY19 ACHIEVEMENTS

- Executed \$32B estimated sales
- Increased Materiel Availability (MA) to 96.3% (+0.8%)
- Executed \$1B in Foreign Military Sales
- Reduced Agency-wide backorders by 14%
- Lowered prices by reducing the Materiel Supply Chains Cost Recovery Rate from 11.62% to 11.47%, saving DLA customers \$33M in budgeted purchases
- Designated Global Product Support Provider (PSP) for F-35
- Conducted 2nd annual Service Readiness Demand Planning Summit
- Coordinated 2nd DLA Industry Day with 180 Industry Partners
- Supported 4 Disaster Response events
- Completed transition of Safety & Occupational Health function to Major Subordinate Command (MSC) and Regional Commanders/Director
- Established formal agreements with Veterans Affairs (VA) and Defense Health Agency (DHA)
- Completed first of its kind DLA Supplier Feedback Survey, collecting industry feedback from 3,000 of our suppliers
- Completed 50 Robotics Process Automations
- Completed Transformation of the Agency Synchronization Operations Center (ASOC)
- Enhanced DLA Dashboard capability
- Established the Agency's Enterprise Risk Management program and Audit Task Force
- Exceeded OSD Small Business Goal: 38.25% against 30.5% goal
- Achieved 100% fill rate in support of the new OSD expeditionary civilian program
- Placed in all four categories for the first time and named Workforce Recruitment Program Component of the Year for the second year

## FY19 MAJOR SUBORDINATE COMMAND ACCOMPLISHMENTS

AVIATION	LAND & MARITIME	TROOP SUPPORT	ENERGY	DISTRIBUTION	DISPOSITION SERVICES
<ul style="list-style-type: none"> <li>– Overall MA increase from 86.7% to 89.0%</li> <li>– Significant increases in MA across MC80. Ended FY at 94.2% (+2.9%)</li> <li>– V-22 Bell Boeing Strategic Contract supports worldwide demand (est. value \$1B over 10 years)</li> <li>– Increased Consumption Pull System item population to 12,500</li> </ul>	<ul style="list-style-type: none"> <li>– All-time high MA: 91%</li> <li>– Backorders reduced by 24K (15%)</li> <li>– Reduced Service Depot Level Repairs Work in Progress by 6,600 (80%)</li> <li>– Provided \$500M in industrial materiel to Army and Navy depots and shipyards</li> </ul>	<ul style="list-style-type: none"> <li>– Provided \$241M Humanitarian and Disaster Relief support</li> <li>– Awarded FSG 80 Tailored Logistics Support contract</li> <li>– Signed VA and DHA Agreements</li> <li>– Supported Air Force transition to the Advanced Combat Uniform Operational Camouflage Pattern</li> </ul>	<ul style="list-style-type: none"> <li>– Procured 90M barrels of bulk petroleum worth \$7.3B</li> <li>– Supplied 25.5K lbs of rocket fuel to re-supply the International Space Station</li> <li>– Awarded 19 Inland East Gulf Coast Purchase Program contracts for \$2.8B</li> </ul>	<ul style="list-style-type: none"> <li>– Designated F-35 PSP for Global Transportation and North American Regional Warehousing</li> <li>– Transitioned Trans Arabian Network to an enduring contract, provides \$52M in savings</li> <li>– Began fielding warehouse operations modernization</li> </ul>	<ul style="list-style-type: none"> <li>– Reduced Customer Wait Time by ~50%</li> <li>– 90.5% customer satisfaction rate</li> <li>– Executed 145K Reutilization, Transfer &amp; Donation requisitions valued at \$2.5B</li> <li>– Executed Demil as a Condition of Sale a total of 52M lbs</li> <li>– \$82M Hazardous Waste Reimbursable</li> </ul>

# FY 2020 CHALLENGES

### Enterprise Risk Management (ERM)

- Institute a “change-management” mentality throughout DLA
- Foster cultural change and persistent senior leader endorsement and advocacy

### Maintaining Readiness/Investments While Improving Obligation Authority and Cash Position

- Prepare for FY20 requirements to exceed available Obligation Authority by \$4-6B
- Achieve a healthy cash position by increasing sales to disbursement and inventory turn ratios

### Cyber and Protection of Supply Chain

- Attain cyber superiority for IT systems supporting the Agency's critical operational and business objectives
- Integrate cybersecurity into the Agency's ERM framework to enhance DLA's cybersecurity posture



# THE STRATEGIC ENVIRONMENT

## PRIORITIES

Secretary of Defense	USD (A&S)	ASD(S)	DLA
<ol style="list-style-type: none"> <li>1. Rebuilding military readiness as we build a more lethal Joint Force;</li> <li>2. Strengthening alliances as we attract new partners; and,</li> <li>3. Reforming the Department's business practices for greater performance and affordability.</li> </ol> 	<ol style="list-style-type: none"> <li>1. Enable Acquisition Innovation</li> <li>2. Build a Safe, Secure and Resilient Defense Industrial Base (Commercial and Organic)</li> <li>3. Ensure Safe and Resilient DoD Installations</li> <li>4. Increase Weapon System Mission Capability while reducing Operating Cost</li> <li>5. Promote Acquisition &amp; Sustainment Initiatives with Key International Partners</li> <li>6. Recruit, Develop and Retain a Diverse Acquisition &amp; Sustainment Workforce</li> </ol> 	<ol style="list-style-type: none"> <li>1. Enhance materiel availability</li> <li>2. Prepare the battlefield for 2025</li> <li>3. Maintain safe places to live, work, play and pray</li> <li>4. Create and sustain resilient installations</li> <li>5. Enable effective personnel and institutional performance</li> </ol> 	<ol style="list-style-type: none"> <li>1. Warfighter First</li> <li>2. Global Posture</li> <li>3. Strong Partnerships</li> <li>4. Whole of Government</li> <li>5. Always Accountable</li> </ol> 

**DLA Mission:** *Sustain Warfighter Readiness and Lethality by delivering proactive global logistics in peace and war.* While our mission remains unchanged, the requirement to deliver effective logistics support to the operating forces in the most efficient manner is greater than ever.

**NDAA:** The National Defense Authorization Act for FY20, while still being reconciled by Congress, has potentially significant implications for DLA:

- Support DLA's efforts to modernize our internal and external digital services
- Develop a "Plan 2021" to establish microcircuit supply chain and operational security standards
- Evaluate DoD's assessment of supply chain cybersecurity risks
- Assess and report on actions taken to improve the availability and accountability of F-35 parts



# 2020 FOCUS

The past 12 months have presented DLA with an array of challenges and opportunities to fundamentally change the way DLA does business; FY20 will be no different. Last year, we focused on “Taking it to the Next Level;” this year “Leading Change” becomes our focus.

The DLA Strategic Plan remains the North Star for all of our efforts; as we move into FY20 and prepare to lead change, there are six focus areas around which to organize our efforts:

## 1. Warfighter and Federal Support

- Sustaining and Improving Readiness
- Anticipating and Increasing F-35 Support
- Enhancing DLA Support to the Space Enterprise
- Enhancing Readiness Dashboard Capability
- Greater Agency Synchronization Through the ASOC
- Improving Support to the VA and DHA

## 2. Defense Reforms

- Reducing Cost Recovery Rate
- Improving Cost Transparency
- Collaborating With Partners to Improve Demand Projections
- Refreshing Warehouse Management Systems

## 3. Audit Advancement

- Expediting Closure of Open Notices of Findings and Recommendations (NFR)
- Advancing Progress Toward Clean Audit Opinions
- Accelerating G-Invoicing for Agreements

## 4. Financial Health of the Agency

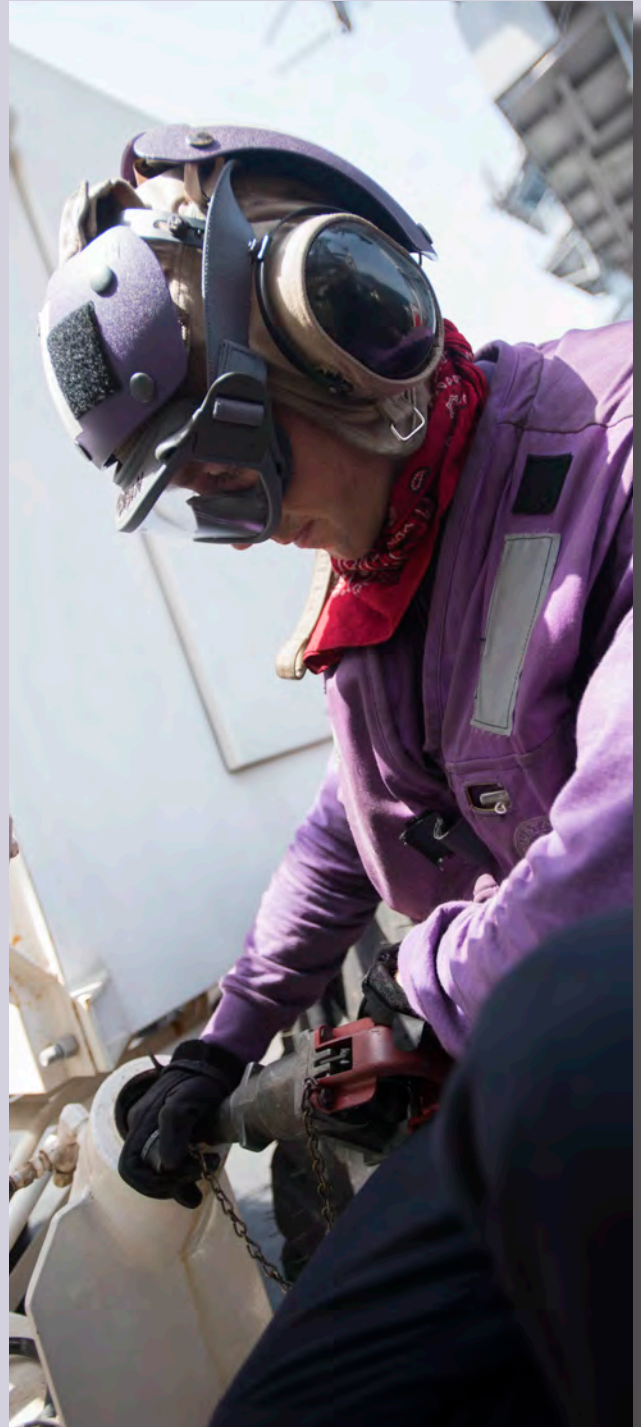
- Synchronizing Financial and Operational Outcomes

## 5. Enterprise Risk Management

- Establishing Supply Chain Security Program
- Establishing Comprehensive A-123 Program

## 6. Innovation

- Expanding Robotic Process Automation
- Enhancing Data Management Capabilities
- Employing Data Science (Artificial Intelligence/Machine Learning)





# WARFIGHTER FIRST

## Strengthen Service and Combatant Command Readiness and Lethality

### SUSTAINING AND IMPROVING READINESS

DLA hosted a demand planning summit focusing on service requirements for FY19 and FY20. Demand planning summits were established to facilitate collaboration on readiness issues based on historical trends and demand analysis.

The Agency is proactively addressing Service concerns regarding materiel availability (MA) and asset visibility in support of major weapon systems with weekly readiness reviews. We will continue to provide support to increase Warfighter readiness as we:

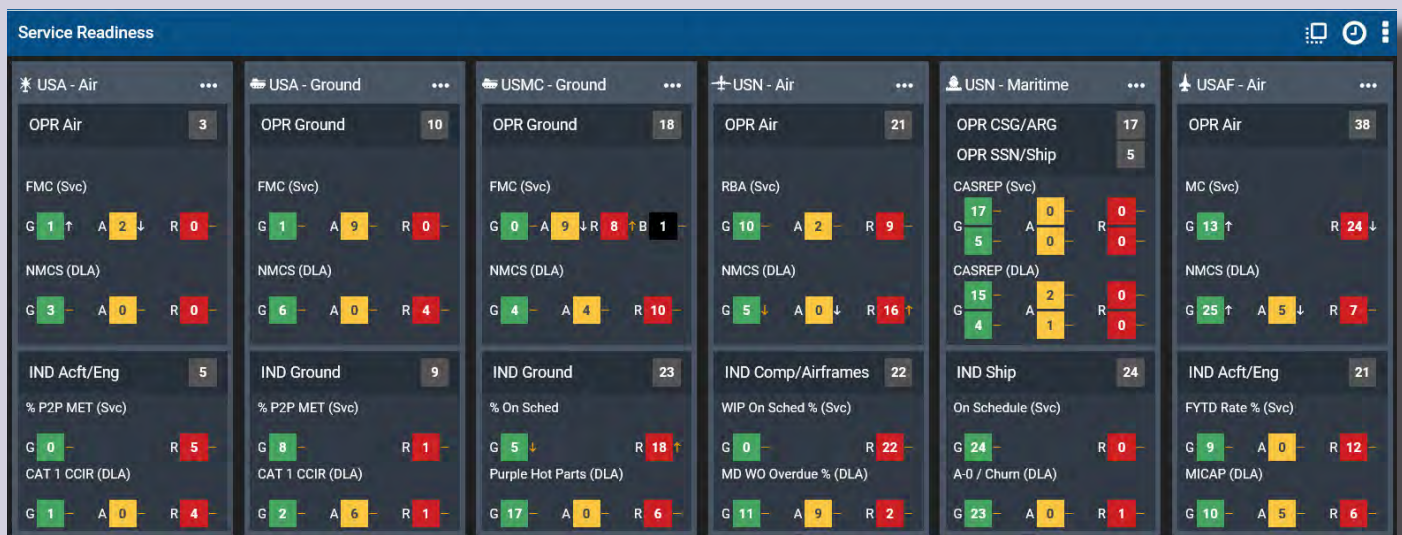
- Leverage partnerships and work with each Service on inventory investments to improve MA and readiness drivers for major weapon systems.
- Leverage data sharing and use of predictive failure rates to enable timely shipping of parts ahead of parts failures and adjust replenishment orders to improve demand forecasting and customer wait time.
- Monitor how the intermediate supply holder maintains their on-hand supplies through demand planning with emphasis on vendor direct support for short lead time items. This will clear space for critical and longer lead time items.

### READINESS DASHBOARD MATURATION

Building on our FY18 rollout of the DLA Readiness Dashboard, MSCs initial baseline metrics, Whole of Government and Service Industrial metrics reporting capabilities were successfully fielded. Initial data visualization capabilities were tested and deployed for DLA Distribution's internal reporting.

Our overall FY20 dashboard development focus is to fully automate all Agency performance review metrics leveraging automated data visualizations along with history, trending, statistical process control and predictive analytics capabilities for all operational and industrial Service metrics.

We continue to refine and automate back-end dashboard data feeds to facilitate future big data, predictive analytics and artificial intelligence development efforts along with expanding user access to detailed data for additional analysis. In support of the ASOC and associated DLA Director imperatives, we are aggressively pursuing opportunities to identify and address DLA impacts on Service readiness as we continue operationalizing DLA support to the Services.



### WMS AND DSS

The Warehouse Management System (WMS), consisting of the Extended Warehousing Module and Transportation Module, is a technical refresh of the current Distribution Standard System (DSS) being used by both DLA Distribution and DLA Disposition Services to conduct their daily warehousing, depot and transportation business. The team has been diligently working to minimize impact on daily operations during the transition to WMS. An initial version of the system is being run as a pilot program at DLA Distribution Corpus Christi, Texas.

The pilot will run until all functionality is implemented for the site to be fully mission ready. The focus will then be to leverage the lessons learned in expanding to the remaining Distribution and Disposition Services sites. An enterprise WMS working group is developing a rollout plan to align with the deployment schedule, once agreed to by DLA senior leaders.

The emphasis is on using SAP standard processes with a minimal amount of software alteration to accommodate DLA-unique requirements. Minimizing customization will result in lower deployment costs, greater auditability and reduced project risk overall. Standard processes will continue to be programmed while custom items will be presented for approval before the WMS Executive Committee. This will allow programmers to upload the standard processes without delaying the overall initiative.



Planning Summit to ensure corporate alignment with the Services on anticipated changes in operational and industrial requirements and major divestitures/turn-in plans.

We will continue to work with the Services and their industrial activities to reduce undesired impacts of under-requisitioned (over-forecasted) items on obligation authority and cash and will leverage the Joint Logistics Requirement Board to disposition requests of DLA to lean forward significantly for readiness. We will also utilize robotic processes and Research & Development opportunities for applying machine learning/artificial intelligence to improve demand projections and reduce demand planning errors.

Through our collective efforts in FY20, we will improve overall demand projection accuracy by 10%; reduce the impact of under-requisitioning / over-forecasting for the Services and their industrial activities by 10%; facilitate a commensurate improvement in buying power; increase readiness for the Services; and more effectively manage DLA obligation authority and cash.

### DEMAND PROJECTIONS ACCURACY AND CASH/OBLIGATIONAL AUTHORITY

Working collaboratively with the Service, Whole of Government and Industry partners, we will continue to improve (and build on FY19 success) demand projections to increase Warfighter readiness and enhance buying power. We will conduct an annual Service Readiness Demand



### **SPACE ENTERPRISE**

Building on the successful creation of DLA's AF Space Command (AFSPC) space portfolio, the Agency will be fully engaged in support of the standup of U.S. Space Command as they move towards achieving initial operational capability (IOC) in 2021. With five operations centers and three service components spanning the Joint Navigation Warfare Center, Missile Warning Center, Joint Overhead Persistent Infrared Center, National Space Defense Center, Combined Space Operations Center, AFSPC, Space and Missile Defense Command and U.S. Fleet Cyber Command/U.S.

Tenth Fleet, DLA must establish relationships to ensure support to their missions.

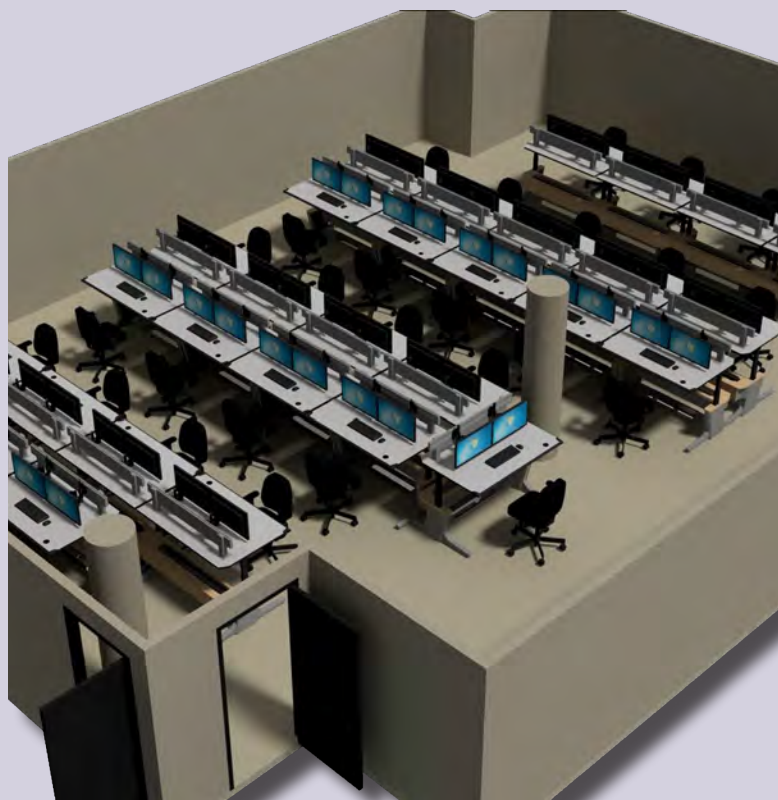
We have come to recognize the interrelationships and interdependencies among nuclear enterprise weapon systems, space systems, nuclear command and control communications systems and now missile warning and defense. Accordingly, DLA will cultivate relationships with the Missile Defense Agency to aid them in their highly complex mission sets by leveraging our existing presence at key locations to develop a better understanding of how DLA can best enhance enterprise support.

## **GLOBAL POSTURE**

### ***Prepared for Immediate Action***

The Agency Synchronization Operations Center (ASOC) is a growing entity that is already providing a holistic and accurate Common Operational Picture (COP) for the Agency, team members at all levels, internal and external senior leaders, and our Service, Combatant Command and Whole of Government partners. The ASOC is scheduled to be completed by the end of October 2019. Representatives from DLA Headquarters (HQ) Staff and subordinate commands have been fully integrated, either remotely or on station, into the ASOC and are key to synchronizing DLA's efforts to support an array of missions (e.g. routine requirements, business focused challenges such as Operations Agency Resolve and contingency responses including hurricane relief operations and support to DoD units and Federal Agencies conducting operations along the southwest border). Throughout the first quarter of FY20, we will begin the process of relocating and onboarding remote ASOC representatives to DLA HQ on 120-day rotations to fully staff the new ASOC.

As we move forward, our focus will be on refining and expanding the capability of the ASOC. We will continue to build and develop a cohesive team to fully leverage the diverse skill sets and capabilities of our ASOC representatives. We will develop and integrate predictive analytics tools and techniques to provide the actionable information needed to conduct root-cause analysis, develop



solutions and courses of action and implement senior leader decisions. Through continued development of our processes and personnel, we will enhance the ASOC's capability to focus the Agency on output, readiness, effectiveness and customer service to standards in support of our mission partners.



# STRONG PARTNERSHIPS

**Leverage the JLEnt, Interagency, Industry and Partner & Allied Nations**

In January 2019, DLA was designated as the F-35 Product Support Provider (PSP) for North American Regional Warehousing (NRW) and, in partnership with U.S. Transportation Command, Global Transportation & Distribution (GT&D). The PSP designations provide opportunities for the Joint Program Office (JPO) to leverage a wide range of capabilities DLA offers in the execution of this critical global program, spanning multiple international partners, customers and locations.

During FY20, IOC will be achieved for both NRW and GT&D. Additional initiatives that will



be ongoing and support the F-35 program throughout FY20 include the cataloging of parts and leveraging DLA as a source of supply for common consumable items

already being managed for other weapon systems.

We anticipate additional roles for DLA in FY20 as we work side-by-side with the JPO and key stakeholders to formalize a role for DLA for disposition services and as we collaborate with the recently-designated lead services to expand access to technical data to establish a foundation for provisioning the F-35 weapon system and normalize spares support to the program.

## WHOLE OF GOVERNMENT Support to the Nation

The Agency's Whole of Government customer base is expanding to include the Department of Veterans Affairs (VA) and the Defense Health Agency (DHA). The current expansion is supported through additional medical and surgical commodities via prime vendor contracts. DLA's strategic partnerships with both organizations was recently solidified through formal agreements.

In 2019, DLA provided \$136.8M in medical supplies and created approximately 15% cost avoidance through effective and efficient supply chain management. DHA is DLA's largest medical supply chain customer. We have partnered with them on commodities, ordering systems, and infrastructure reduction (health clinics, occupational safety offices, etc.).



As we move forward with both of these important partnerships, DLA anticipates increased cost avoidance, decreased cost recovery rates shared by all customers and reduction of logistics response time for critical medical, surgical and pharmaceutical supplies.

We project DLA's future support to the VA through 2020 to expand medical and surgical support into nationwide support of those commodities.

Additional supply chains currently being evaluated include subsistence, ecclesiastical, as well as construction and equipment needs for cemeteries.

The DHA is also looking to DLA to increase their medical and surgical supply chain support and are analyzing potential human resources support by end of 2020.

# ALWAYS ACCOUNTABLE

## Assured Supply Chain, Financial and Process Excellence

### FINANCIAL HEALTH OF THE AGENCY

Financial stability is vital to the Agency's success and a strong relationship between finance and operations is critical to achieving and maintaining financial health. Externally, this is demonstrated through our constant communication with leadership at both OSD Comptroller, Acquisition & Sustainment, Service 4s and Service 8s to ensure our cash position and material operating authority supports Warfighter readiness. An example of this is the successful approval of a \$500M reprogramming request through OSD and approved by Congress. Internally, DLA is working to strengthen the bond between finance and operations by leveraging a cell of highly trained analysts to advise senior leaders on the impacts that readiness investment decisions might have on the business before committing resources in support of the Warfighter. This integration cell will leverage the latest business performance tools, to include robotic process automation "bots" and predictive analysis software, to provide real time analytics to assist DLA executive leadership with investment decisions.

### AUDIT REMEDIATION OF 30% OF OPEN NFRs

An accelerated ability to close NFRs will be an important aspect of the Fiscal Year 2020 Audit Plan. DLA remains committed to closing 30% of all NFRs, and remediating as many as possible related to material weaknesses and DoD/DLA priority areas. We will prioritize our efforts and resources to find a balance between immediate and long term goals, and ensure we are addressing root cause issues tied to material weaknesses across the enterprise. It is

anticipated that Fiscal Year 2019 NFRs issued by an independent public accountant from this year's audit will likely equal or exceed this year's total of 353.

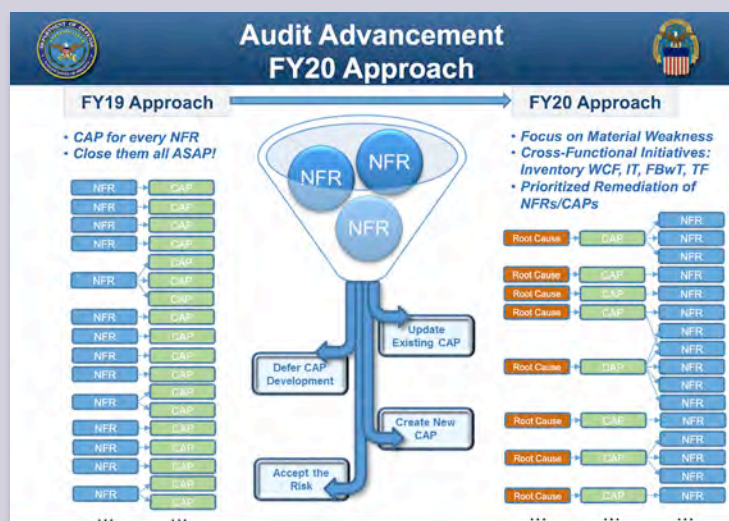
The FY20 Audit Plan will provide a more focused effort on key DLA material weaknesses and in particular on those that align with OSD Audit

Priority Areas. These key material weaknesses are: (1) Inventory, particularly that of the Working Capital Fund, (2) Fund balance with Treasury and (3) Information Technology (IT), which includes general controls.

In conjunction with the DLA Enterprise Risk Management program and in accordance with the Office of Management and Budget

Circular No. A-123, the cross-functional initiatives will facilitate end-to-end (E2E) business process modeling of DLA operations through to the financial statements, identifying risks, gaps to accounting standards and required internal controls development, which will foster the achievement of eventual and full Agency auditability and "clean" opinions.

The mapping of standardized DLA E2E process models will also greatly assist DLA in prioritizing FY19 NFRs for remediation and their associated Corrective Action Plans. Also, since such prioritization will be focused on material weaknesses, a critical path for auditability can be created and more targeted audit advancements can result. In addition to E2E models and their associated benefits, aligning DLA's audit and ERM program efforts, acquiring audit skill set talent, providing audit training for the DLA workforce, developing DLA Audit COP capabilities and other Audit Task Force (ATF) support to key Agency-wide initiatives, the ability for DLA to close NFRs and reach full auditability on an accelerated basis will be realized.





## CLEAN AUDIT OPINION ON TRANSACTION FUND

Near the end of FY19, the DLA ATF organized a cross-functional initiative to accelerate audit advancement towards an unmodified opinion for the Agency's Transaction Fund. A working group of ATF and HQ Staff leaders developed an E2E process model to better identify risks, controls, gaps to accounting standards and then develop the associated internal controls to improve business processes and facilitate their associated auditability.

The next step for the Transaction Fund Working Group is to prioritize remaining NFRs and address financial statement and other audit remediation requirements and prepare for a beginning balance of strategic materials inventory as of September 30, 2020. With this beginning balance, the Agency will be better prepared for a full financial statement audit in FY21, accelerating DLA's eventual achievement of an unmodified, or "clean opinion."

## REDUCE OPERATING COSTS

DLA is taking aggressive steps to reduce our overall \$7B annual operating costs. The savings will come from both costs recovered under the cost recovery rate (CRR) and non-CRR costs. Through a combination of reform, better business practices and deliberate enterprise-wide focus, DLA will achieve a 10.9% CRR by the end of FY20 - a 0.5% improvement over the 11.4% rate approved in the President's Budget 2020. While DLA's CRR has been on the decline for years, moving from 11.6% to 11.5% over the past FY, accelerating the reduction will require more focused efforts. This includes reducing over \$120M in operating costs — an extremely aggressive target. This CRR reduction plan will involve in-depth analysis from across the Agency to implement targeted reductions where it makes sense. Beyond FY20, these cost

reduction measures will continue over the next several years, culminating with the Agency's commitment to a 9.5% aggregate CRR across the Agency by the end of FY24 and a significant reduction of total operating costs.

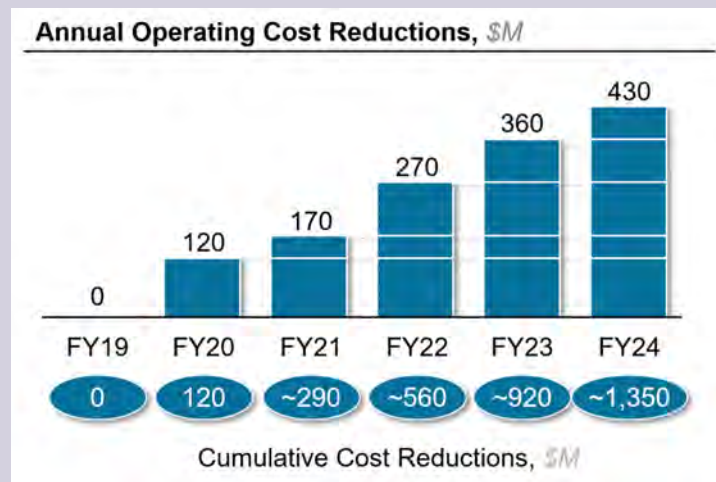
## IMPROVE COST TRANSPARENCY

As one of the avenues to achieve the significant cost reductions required to reach DLA's aggressive CRR goals, the DLA reform team and DLA Finance are working with a third party consulting firm to conduct a series of sprints to inform a bottom-up review of all costs throughout the Agency, including all direct and indirect costs at all MSCs and HQ organizations. These sprints apply a corporate-style profit and loss perspective to DLA's finances, helping leadership make

more informed resource allocation decisions based on understanding discrete costs and their drivers. Achieving clarity in our costs will allow DLA to better communicate to the Services how their behavior impacts their bill and how they can influence their prices.

Deep dive reviews are being conducted across the Agency, most are complete with the remaining few scheduled through November. Through working-level and leadership participation in these sprints and aided by third party consulting firm analysis, DLA will identify reductions that target specific areas and functions.

Early focus areas are IT, service contracts, installation management, HQ activities, procurement and distribution costs. The desired result from this approach to managing costs is more streamlined, efficient and effective operations that provide reduced costs and increased transparency to our customers with no performance deterioration.



# ENTERPRISE RISK MANAGEMENT

## Supply Chain Security Strategy

DLA's Supply Chain Security Strategy is the roadmap for how the Agency will address supply chain security challenges across the enterprise. This cross-cutting effort is fundamental to DLA's operations and underpins the Agency's ability to support the Warfighter. Interruption of DLA supply chain operations compromises our nation's ability to deliver combat power and execute critical missions.

Today's world presents a multitude of challenges to DLA's supply chain operations. Threats from natural disasters, geopolitical developments, nefarious activities, diminishing manufacturers and the ever-present threat from the cyber-domain demand that DLA continues the journey to strengthen operational resiliency. As the threat environment evolves, so too must DLA's ability to detect, protect and continue operations in a contested or degraded environment through redundant and resilient supply chain operations.

DLA's Supply Chain Security Strategy is designed to establish an architecture that comprehensively addresses supply chain security from an enterprise perspective. The architecture consists of five broad components: (1) threat identification and risk prioritization, (2) offensive risk mitigation, (3) defensive risk mitigation, (4) resilient supply chain operations and (5) prevention, detection, protection and defense of the Agency's global supply chain.

To develop such an architecture, DLA will concentrate on four strategic focus areas:

- Institutionalize Supply Chain Security across the DLA enterprise
- Maintain integrity and access to key data
- Partner with valid, reputable vendors who produce quality supplies and services
- Strengthen the resiliency of systems, processes, infrastructure and people

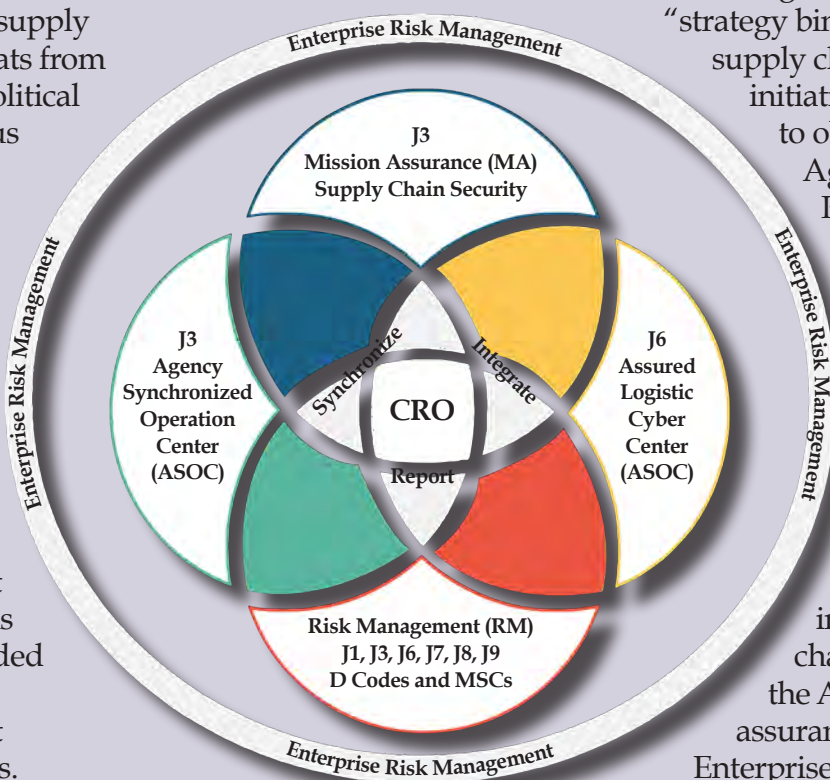
The strategic focus areas are "strategy bins" that house supply chain security-related initiatives that are mapped to objectives in the Agency's Strategic Plan. The initiatives put the strategy in motion by actuating the strategic focus areas for the purpose of developing the architecture.

Key and essential to the overall strategy is integrating supply chain security into the Agency's mission assurance portfolio and Enterprise Risk Management

(ERM) framework by establishing

a comprehensive A-123 program to identify and address risk through effective internal controls.

DLA established the ERM program office and appointed a chief risk officer on July 1, 2019. The overall focus of the ERM program office is to identify and prioritize the Agency's most critical risks to ensure senior leader resourcing decisions are consistent with the Agency's most critical objectives.





# CRITICAL CAPABILITIES

## People & Culture

At DLA, we understand that our people are the “secret sauce” of this Agency – they are at the heart of everything we do. We recognized the importance of our people and organizational culture in our Strategic Plan by publishing a companion document specifically dedicated to attracting, developing and retaining our diverse, skilled and agile workforce. As we enter the second decade of the new millennium, our people will be called upon to lead major change initiatives across the Agency.

Because successful change depends on knowing your organizational strengths and weaknesses, we will continue our practice of assessing our organizational culture and workplace climate using the DLA Culture and Climate Survey. Our goal is 100% participation across the Agency. Analysis of the survey results and the implementation of action plans will strengthen our Agency transformations well into 2020 and beyond.

During the last quarter of FY19 we began our good faith negotiations with the American Federation of Government Employees Council 169 on a new, modernized Master Labor Agreement (MLA). We will continue this effort, collaborating with our union representatives and partners throughout the year with a goal of having a new agreement by December 2020. Recognizing



the changes in workforce viewpoints and demographics, we will produce a new MLA that balances the Agency’s need to be mission-focused, agile and responsive while sustaining a positive, people-focused workplace climate and culture.

In 2019 we established a more robust senior leader transition process, improved our use of the DoD Performance Management and Appraisal Program and delivered on

our commitment to establish the new LTG Andrew T. McNamara Icon award. We established new human resource partnerships with USTRANSCOM and other DoD Agencies. And we will continue to innovate and streamline our support to the people who lead change in our Agency.



DLA Change Management Toolkit available at: <https://dlamil.dps.mil/teams/C25/N2>.

# CRITICAL CAPABILITIES

## Enterprise Enablers

Our DLA Information Operations team developed a supplement to DLA's Strategic Plan, called Enterprise Enablers. This blueprint outlines how the four enablers – Innovation, Data Management, Technology and Cybersecurity – are deemed critical in continuing to move forward in our DoD Modernization and Reform efforts. In the future we will accelerate methods to leverage technology to increase Warfighter Readiness, to include:

- Ensuring everyone assists in preventing Cyber incidents within the DoD network, for a “secure and resilient” environment, enabling world-class support to the Warfighter
- Advocating for DoD to establish DLA as the official additive manufacture data exchange and storefront, a repository of interoperable technical data for 3D printing by the Services/industry
- Continue transforming the Agency's data management and predictive analytics to facilitate reliable and relevant business decisions. Includes development of artificial intelligence for predictive and prescriptive use of data
- Employ data science, artificial intelligence and machine learning to improve how DLA leverages big data to increase the speed and accuracy of decision-making through such applications as dashboards, data visualizations and predictive data models

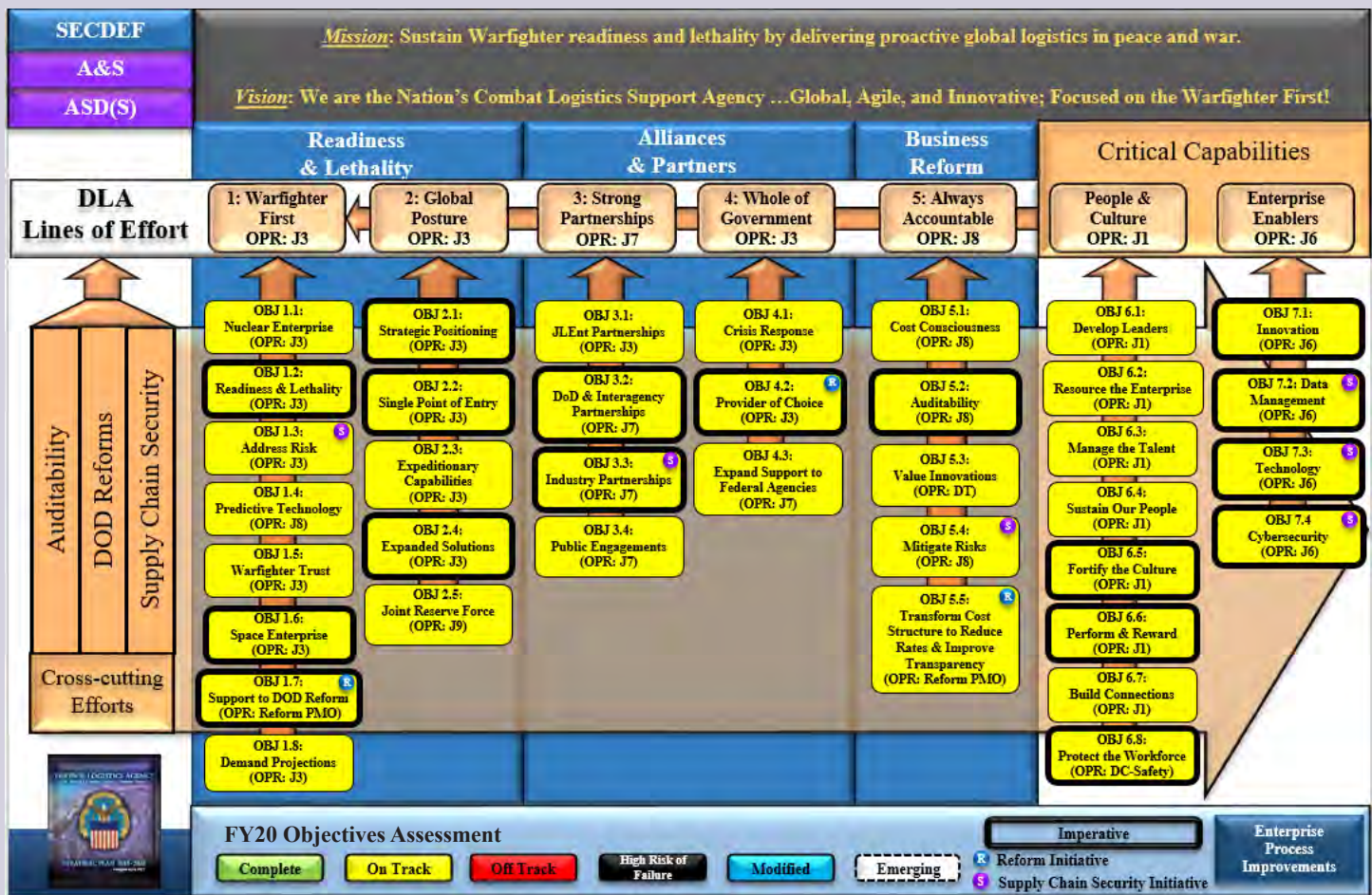


- Continuing to close the gap between public and commercial distribution capabilities through the Distribution Modernization Program, for industry-leading logistics
- Strategically applying disruptive technologies, such as additive manufacturing, robotic process automation and artificial intelligence, to increase effectiveness and efficiency in logistics support to the Warfighter





# DLA STRATEGY MAP



- **Line of Effort (LOE)** – A mechanism to link multiple goal-oriented objectives that focus efforts toward establishing operational and strategic conditions.
- **Critical Capability (CC)** – A means that is considered a crucial enabler for a center of gravity to function as such and is essential to the accomplishment of the specified or assumed objective(s).
- **Cross-Cutting Effort** – Efforts that support, impact or significantly influence more than one LOE. Identified to ensure deliberate consideration, greater coordination and synchronization during planning and execution – both within and external to DLA.
- **Objective** – Medium to long-term (2-7 years) efforts nested within an LOE/CC that are necessary to collectively achieve the Director's vision for that LOE/CC. Includes multiple supporting Initiatives.
- **Imperative** – An initiative that has specific Director's emphasis with achievable results during the FY.



# FISCAL YEAR 2020 IMPERATIVES

## WARFIGHTER FIRST

- ASD(S): Industry Metric Visibility
- Additive Manufacturing
- Increase Warfighter Readiness Through Improved Reverse Logistics Operations
- Enhanced Support to the Space Enterprise
- Support to DoD Reform:
  - Enterprise Buying
  - Transform DLA Storage and Distribution
  - Transfer Retail Industrial Supply, Storage and Distribution Functions to DLA
  - DoD Utility System Conveyance
  - Document Services Transformation
  - Multi-Functional Device Service Consolidation
  - Data Center Consolidation

## GLOBAL POSTURE

- Agency Synchronization & Operations Center

## STRONG PARTNERSHIPS

- USD(A&S): F-35 Support
- Depot Level Repairable Support
- Communicate Improved Demand Forecasts to Industry

## WHOLE OF GOVERNMENT

- Whole of Government Support
- GSA Partnership Disposal Pilots
- Provider of Choice for U.S. Coast Guard

## ALWAYS ACCOUNTABLE

- Audit Remediation
- Transform Cost Structure to Reduce Rates and Improve Transparency

## PEOPLE & CULTURE

- Culture/Climate Survey Administration
- DLA/AFGE Master Labor Agreement
- DoD Performance Management and Appraisal Program (DPMAP)
- Safety Program Modernization

## ENTERPRISE ENABLERS

- Innovation & Agile Development
- Data Management & Predictive Analysis
- Robotic Process Automation
- Distribution Modernization Program
- Cybersecurity

## DLA ON THE WEB:



[www.dla.mil](http://www.dla.mil)



[www.facebook.com/dla.mil](https://www.facebook.com/dla.mil)



[www.youtube.com/dodlogisticsagency](https://www.youtube.com/dodlogisticsagency)



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